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DEPARTMENT OF STATE
BRIEFING MEMORANDUM

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[REDACTED] - (Entire Text)

TO: The Secretary

FROM: ARA - John A. Bushnell Acting

SUBJECT: Your Meeting With Henry Ford II, 5:00 p.m., February 13

I understand you are meeting with Henry Ford II to discuss his trip to Brazil, Argentina, and Uruguay. Jerry ter Horst has told us that Ford is primarily going down to visit the Ford Motor Co. plants. However, he will meet with the Presidents of each country he visits. Ford is departing on Saturday and will be gone for about three weeks.

You may find the following background information and talking points useful for the meeting:

ARGENTINA PROJECT (S200000044)

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

(X) Release () Excise () Deny

Exemption(s): NP

Declassify: () In Part (X) In Full

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ARGENTINA - Argentina is well along the path toward restoring internal order and is making progress toward achieving economic stability following the chaotic conditions that existed in 1976. Terrorism has been largely eliminated and the scale of human rights violations has diminished, although problems remain with disappearances (12 last year), political prisoners (about 900), lack of due process, and restrictions on political, labor, and press activities. The military government in 1979 promulgated a "political plan" containing broad guidelines for the eventual return of the country to civilian rule and last year began a dialogue with many of the nation's civilian political leaders. The economic program has been directed toward ensuring stable long-term growth by increasing competition and by reducing exorbitant inflation, from over 800% in 1976 to a current rate of about 50%. However, the economic policy has resulted in an overvalued currency, in a trade deficit this year of over \$2 billion, and in loud complaints from the business sector.

U.S.-Argentine Relations: Cool and distant after 1976 because of U.S. pressure on human rights and non-proliferation, they have improved since late 1979 as a result of joint efforts to develop a constructive dialogue. The most serious remaining bilateral issue centers around the Humphrey-Kennedy Amendment proscribing U.S. arms sales and training to Argentina. Last year we adopted a strategy to achieve better balance in our relations; however, the strategy was postponed following GOA support of the new Bolivian regime, refusal to cooperate further in the grains embargo, and the U.S. election. We now propose to move forward quickly on the postponed and other steps to achieve improved cooperation on East-West, hemispheric security, and nuclear issues.

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Points To Make:

-- We hope to improve relations with Argentina (across the board.) *Code for Humphrey-Kennedy.*

-- We are seeking greater GOA cooperation on East-West issues, such as the partial grains embargo.

(-- Human rights improvements continue to be important but will be pursued in a less abrasive fashion.) *ON WIFE'S PART?*

-- We think the prospects for the future of Argentina are good; with some policy adjustments, its economy should continue to improve, and it seems committed to a gradual return to democracy.

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